



Account for due diligence according to the
Transparency Act 2023



Background

Various international guidelines already impose requirements for due diligence and transparency, but these are voluntary. Certain of these requirements are now a legal obligation under the Transparency Act.

1 July 2022 the Transparency Act came into effect in Norway. The Transparency Act shall promote enterprises' respect for fundamental human rights and decent working conditions and ensure that the general public has access to information about how enterprises address adverse impacts on human rights and working conditions.

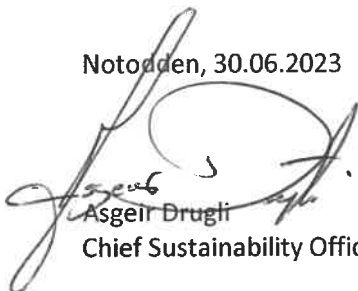
The act applies to larger enterprises that are resident in Norway, and larger enterprises that offer goods and services in Norway and are liable to tax to Norway.

According to the Act, the affected enterprises shall carry out due diligence assessments, publish an account of these assessments and provide information to the general public upon request.

Tinfos has utilized the guidelines and from the Norwegian Consumer Authority (CA), which is an independent administrative body tasked with supervising the market, enforcing consumer protection laws and advising traders on how to observe the regulatory framework, among others; The Transparency Act.

This due diligence report is an overview of assessments made by Tinfos related to adverse effects from our business areas on fundamental human rights and decent working conditions according to the Transparency Act (Nw.: Åpenhetsloven).

Notodden, 30.06.2023



Asgeir Drugli
Chief Sustainability Officer

Index

1	INTRODUCTION	4
2	RESPONSIBLE BUSINESS CONDUCT IN POLICIES AND MANAGEMENT SYSTEMS.....	5
2.1	Management structure	5
2.2	How we govern sustainability and ESG	5
2.3	Policies and management systems	5
2.4	Grievance mechanisms.....	5
2.5	Key stakeholders and business relations.....	6
2.6	Key Suppliers /15/	6
3	IDENTIFICATION AND ASSESSMENT OF RISKS OF ADVERSE IMPACTS	7
3.1	Types of risks relevant for adverse effects on responsible business conduct	7
3.2	High-level risk assessment.....	8
3.2.1	Summary Norway - N	9
3.2.2	Summary Indonesia - ID	9
3.2.3	Summary Republic of North Macedonia - MK.....	9
3.3	Significant RBC risk assessment in all markets	9
3.3.1	All markets: Significant Human Rights topics risk assessment.....	10
3.3.2	All markets: Significant Labor conditions and Workers' Rights topics assessment	11
4	MEASURES TO CEASE, PREVENT AND MITIGATE ADVERSE IMPACTS	12
4.1	Norwegian (M) market	12
4.1.1	Labour improvement targets	12
4.1.2	Human Rights improvement targets	12
4.2	Indonesian (ID) and North Macedonian (MK) markets	13
4.2.1	Labor improvement targets.....	13
4.2.2	Human Rights improvement targets	13
5	REFERENCES	14

1 INTRODUCTION

Tinfos AS is a medium-sized Norwegian company with 30 employees as pr. 31.12.2022. In addition, Tinfos owns the company PT Tinfos Hydropower Solutions in Indonesia, which employs 7 persons as pr. 31.12.2022 making the total figure of employees for Tinfos Group 37.

Tinfos AS' core line of business is development and operation of hydropower assets. We Build, Own, Operate and Transfer small-scale hydropower plants (SHP). The transfer is sale of completed SHP projects to an external partner and reinvesting the capital in new projects.

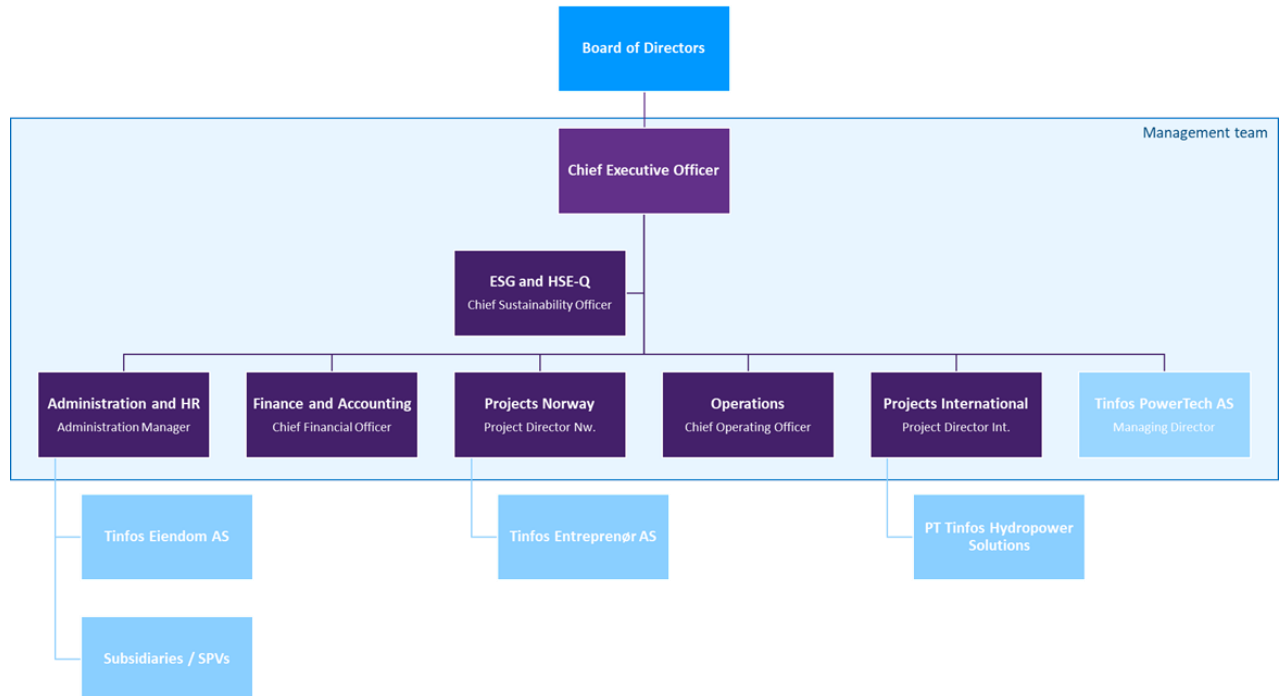
The business includes operation of the Notodden and Kobbholm/Valvatn hydropower plants, the Tinfos portfolio of SHP plants in production in addition to other SHP plants owned by other companies through the subsidiary Tinfos PowerTech AS. The commercial properties at Notodden are administered through the fully owned subsidiary Tinfos Eiendom AS.

Through the fully owned subsidiary Tinfos Entreprenør AS, we build complete turnkey hydropower plants on behalf of other owners in Norway, whereas prospects and projects in Indonesia and North Macedonia are under development for the time being.

The company's mission is to design, build, finance, operate and maintain high-quality hydropower plants that create economic, social and environmental values in the markets we operate.

2 RESPONSIBLE BUSINESS CONDUCT IN POLICIES AND MANAGEMENT SYSTEMS

2.1 Management structure



2.2 How we govern sustainability and ESG



2.3 Policies and management systems

Tinfos has established policies covering human rights, labour and working conditions in our internal regulations and policies. Our policies and our Code of Conduct are available on our website www.tinfos.no.

2.4 Grievance mechanisms

Tinfos has established a whistleblowing channel and grievance mechanism on its website (www.tinfos.no) that is intended for employees, consultants, suppliers and other stakeholders who have observed inappropriate, offensive or suspicious behaviour or actions that violate our code of conduct. All notifications submitted via this channel are treated confidentially in

accordance with our procedure for handling notification cases, and it is possible to notify anonymously.

2.5 Key stakeholders and business relations

Tinfos has previously made a materiality assessment involving identification of our key stakeholders as shown in the figures below /4/



2.6 Key Suppliers /15/

Our key suppliers



3 IDENTIFICATION AND ASSESSMENT OF RISKS OF ADVERSE IMPACTS

Tinfos has carried out a broad scoping exercise across our business areas, operations, and relationships including our supply chains, to identify where RBC risks are most likely to be present and most significant. The results from the scoping exercise enable Tinfos to carry out an initial prioritization of the most significant risk areas for further assessment.

For the purpose of this Due Diligence aiming to identify adverse impacts on human rights and labour conditions/worker's rights, the following business relations was identified as the most relevant to assess with regards to RBC risk:

- Suppliers (particularly civil construction entrepreneurs and contractors)
- Hired workers
- Local communities

3.1 Types of risks relevant for adverse effects on responsible business conduct

There are many types of risk. In this context Tinfos has found it particularly useful to look at risks associated with geographic-, sectoral-, enterprise- and product factors /1/:

1. **Geographic risk** is about conditions in a particular country or region. Geographical risk factors are often linked to regulations, governance, socio-economic and political context.
2. **Sectoral risks** are risks that are prevalent within an industry or business globally due to the industry's characteristics, activities, products, and manufacturing processes.
3. **Enterprise risk** is risk associated with a particular business. In our case we consider the Tinfos Group; our strength and weaknesses, in the context of managing risks related to basic human rights, workers' rights and labor conditions.
4. **Product risks** are risks associated with the development, production and use of specific products. In our case this will be related to the planning and construction of small hydroelectric powerplants, including use of purchased materials and services from entrepreneurs and suppliers in the process.

To evaluate risks for each of the four types of risks listed above, we have used our digital ESG management system as support, which contains a section of ESG risk maps visualizing assessments for different type of ESG-risks collected from open, reliable and trustworthy sources: among other the ITUC Global Rights Index.

The ITUC Global Rights Index /5/ depicts labor conditions and worker's rights by rating 139 countries on a scale from 1-5 based on the degree of respect for workers' rights. Workers' rights are absent in countries with the rating 5 and violations occur on an irregular basis in countries with the rating 1. The Index has, among others, been utilized in our assessments of risks to labor conditions and workers' rights presented in this document.

Regarding assessment of high-level risks to Basic Human Rights we have to a large extent utilized the *2021 Country Reports on Human Rights Practices* made available on the web by the US state department, with other sources as support.

For both topics (Human rights and Labour conditions) Tinfos has used guidance and references outlined at the Norwegian Consumer Authority (Forbrukertilsynet) webpages.

3.2 High-level risk assessment

Tinfos operates in three geographically separated and defined markets; Norway, Indonesia and North Macedonia. All three countries are fundamentally different in some areas, and Tinfos' familiarity with each of the three markets differs from the others. Our high-level risk assessment therefore utilizes each of the countries we operate in as basis for the areas of operation, when investigating risks of adverse effects from our activities.

The result of our identification of high-level risks of adverse impacts related to the four types of risk is shown in the table below. Low risk means that deeper assessments is not required. Medium risk should be investigated further to identify if there are need for deeper assessments. High risk means that further assessments are required.

Initial identification of risk level relative to each geographically defined market-segment				
Market	Sectoral/Industry	Geographic	Enterprise	Product
	<i>Hydropower Industry</i>	<i>regulations, governance, socio-economic and political context</i>	<i>Tinfos Group</i>	<i>Small and medium sized Hydro Powerplants</i>
Norway	Low	Low	Low	Medium
Indonesia	Medium	High	Medium	High
North Macedonia	Medium	High	High	High

3.2.1 Summary Norway - N

Our initial high-level risk identification for the different types of risks related to each of the countries we operate in, revealed *low risks* in Norway related to sectoral-, geographic- and enterprise risks. Being a Norwegian company with many years of experience with hydropower construction and operation, we have broad knowledge of the Norwegian hydropower industry, the Norwegian community and regulations, and our own governing procedures, routines and tools with which we manage our projects, operation and ESG related issues. The product risk is however identified as *medium*, as we use suppliers of services and equipment in our supply chain. Our knowledge of RBC impact from our suppliers and sub-suppliers are limited, particularly to supplier levels below Tier 1. The issue of product risks is more or less equal for all three markets, although the Tier 1 level is known in Norwegian projects. The topic is elaborated in section 3.4 *Norway-NO: RBC risk assessment* in the internal due diligence report.

3.2.2 Summary Indonesia - ID

For our activities in Indonesia both geographic and product related risks are identified as *high*, whereas the hydropower industry risks and enterprise risks for the Tinfos Group were rated *medium*. Tinfos has already built a hydroelectric power plant in Indonesia. We have gained experience from the Manipi project on Sulawesi. PT Tinfos Hydropower Solution (PT THS), a daughter company of Tinfos AS, has been established in Jakarta with 7 employees, running our project development activities in Indonesia. PT THS will manage coming projects in Indonesia for Tinfos, with support from our main office in Norway. Nevertheless, it should be investigated if adverse impacts related to enterprise risks should be further assessed together with general investigations of sectoral risks in Indonesia. Geographic risks, as well as Product risks in Indonesia, are identified as *high* and the topics are elaborated in section 3.5 *Indonesia-ID: RBC risk assessment* in the internal due diligence report.

3.2.3 Summary Republic of North Macedonia - MK

The high-level risk picture of North Macedonia is more or less the same as for Indonesia, but with one important exception. In North Macedonia the Enterprise risk has been identified as *high*, and further assessments are required. The reason for this is that North Macedonia is our newest market. We have not constructed any hydroelectric powerplant in this market yet, and although in process; the local organization has not been fully established and coordinated with the main office in the same way that PT THS in Indonesia has. It is therefore required to assess the risks for adverse effects due to potential gaps in project management tools or procedures/routines related to ESG in general, and particularly to human rights, labor conditions and workers' rights in relation to the requirements of the Norwegian Transparency Act. If gaps are identified, measures must be made to avoid or reduce risk for adverse effects from our activities in North Macedonia. The topic is elaborated in section 3.6 *Republic of North Macedonia – MK: RBC risk assessment* in the internal due diligence

3.3 Significant RBC risk assessment in all markets

Tinfos has identified the most significant RBC risk areas to Human Rights, Labor Conditions and Workers' Rights by utilizing the 2021 Country Reports on Human Rights Practices made available on the webpages of the US State Department /13/. The executive summary from these report for Norway, Indonesia and North Macedonia are presented in the sections for

























geographic risks in this report. For more details one should visit the source:

<https://www.state.gov/reports/2021-country-reports-on-human-rights-practices/>

3.3.1 All markets: Significant Human Rights topics risk assessment

Human Rights practices - Tinfos risk evaluation <i>Based on assessment of information listed in 2021 Country Reports on Human Rights Practices by the US State Department /13/</i>			
HR Topic	Area of		
	Norway	Indonesia	North Macedonia
BASIC HUMAN RIGHTS	●	●	●
Respect for the integrity of the person	●	●	●
Respect for Civil Liberties	●	●	●
Freedom to participate in the political process	●	●	●
Corruption and lack of transparency in government	●	●	●
Sexual harassment and violence	●	●	●
Violation of rights of religious, ethnic, social, gender and sexual orientation	●	●	●
Indigenous peoples	●	●	●
● = Low risk ● = Medium risk ● = High Risk			
Low Risk:	No further measures required		
Medium Risk:	Further investigation of possible measures required		
High Risk:	Specific measures to reduce RBC risks required		

3.3.2 All markets: Significant Labor conditions and Workers' Rights topics assessment

Labor conditions and Workers' Rights practices - Tinfos risk evaluation <i>Based on assessment of information listed in 2021 Country Reports on Human Rights Practices by the US State Department /13/</i>			
	Norway	Indonesia	North Macedonia
WORKERS' RIGHTS			
Freedom of association and the right to collective bargaining			
Forced or compulsory labor			
Child labor			
Discrimination with respect to employment and occupation			
Wage and working hours			
Occupational Health and Safety			
 = Low risk  = Medium risk  = High Risk			
Low Risk:		No further measures required	
Medium Risk:		Further investigation of possible measures required	
High Risk:		Specific measures to reduce RBC risks required	

4 MEASURES TO CEASE, PREVENT AND MITIGATE ADVERSE IMPACTS

This section describe the selected measures to cease, prevent and mitigate adverse impacts from Tinfos activities as per Q2 2023. Some of the measures have already been implemented in previous assessments and referred to in our sustainability and HSE-reports, whereas others have been established during this due diligence on responsible business conduct.

Measures related to the Norwegian market are separated from the Indonesian and North Macedonian markets as the risk levels are different and our experience in Norway are more comprehensive, which calls for lower risk level and fewer measures are necessary.

4.1 Norwegian (M) market

4.1.1 Labour improvement targets

IMPROVEMENT TARGETS

Baseline year: 2021 - Target year: 2023

Labour (N)	Not started	Ongoing	Achieved
Include labour as a topic in our sustainability policy regarding governance			○
Include right to form and trade unions and collective bargaining in Code of Conduct			○
Report systematic HSE activities in annual report 2022			○
Communicate our labour policies and relevant reports to our stakeholders and public on web			○
Establish an ESG supplier declaration of conformity including labour policies			○
Establish processes for supply chain management including labour and HSE assessments		○	
Conduct risk assessment related to material social topics identified in materiality assessment.	○		

4.1.2 Human Rights improvement targets

IMPROVEMENT TARGETS

Baseline year: 2021 - Target year: 2023

Human rights (N)	Not started	Ongoing	Achieved
Include our human rights commitment the Tinfos Code of Conduct.			○
Establish an ESG supplier declaration of confirmity including human rights commitment			○
Communitcate our CoC and ESG supplier declaration to our stakeholders and public on web			○
ESG-introduction training for our staff at Tinfos including our human rights commitment			○
Make a specific human rights assessment to identify human rights most material to Tinfos		○	
Establish processes for supply chain management including human rights assessments		○	
Benchmark good practice and knowledge to establish more specific improvement targets	○		

4.2 Indonesian (ID) and North Macedonian (MK) markets

4.2.1 Labor improvement targets

IMPROVEMENT TARGETS

Baseline year: 2022 - Target year: 2024

Labour (ID/MK)	Not started	Ongoing	Achieved
Include labour as a topic in our sustainability policy regarding governance (ref. PS2-8)			○
Include right to form and trade unions and collective bargaining in Code of Conduct (ref. PS2-10, 13,14)			○
Report systematic HSE activities in annual report 2022			○
Communicate our labour policies and relevant reports to our stakeholders and public on web			○
Establish an ESG supplier declaration of conformity including labour policies			○
Establish project grievance mechanisms for workers (including hired workers) and their organisations (PS2-20,26)		○	
Establish group policies and instruction to follow ILO's requirements for child labor where national laws do not have provisions. (PS2-21)		○	
Establish group policies on forced or involuntary labour, including trafficked persons. (PS2-22)		○	
Establish processes for supply chain management including labour and HSE assessments		○	
Establish project communication and information plans for workers related to workers rights (ref. PS2-9)	○		
Establish project procedures identify migrant workers to ensure equal terms and conditions (ref. PS2-11)	○		
Establish project management procedures of worker's accommodation and provision of basic services (ref. PS2-12)	○		
Establish project employment procedures based on principle of equal opportunity and fair treatment (PS2-15,16,17)	○		
Establish project retrenchment procedures based on principle of equal opportunity and fair treatment (PS2-18,19)	○		
Establish project procedures to identify, assess and manage potential hazards to workers (PS2-23)	○		
Establish group policies and instruction to ascertain that third parties engaging hired workers are reputable and legitimate enterprises and have an appropriate ESMS. (PS2-24,25,26)		○	
Establish policies and procedures for managing and monitoring performance of third-party employers on issues related to hired workers. (PS2-25)		○	
Establish project supply chain assessment and monitoring programs on child labor, forced labor and safety issues related to supply chain workers with the goal to maintain relations with suppliers that can demonstrate that they are complying with the IFC Performance Standard 2. (PS2-27,28,29)		○	
Conduct risk assessment related to material social topics identified in materiality assessment.		○	

4.2.2 Human Rights improvement targets

IMPROVEMENT TARGETS

Baseline year: 2022 - Target year: 2024

Human rights (ID/MK)	Not started	Ongoing	Achieved
Include our human rights commitment the Tinfos Code of Conduct.			○
Establish an ESG supplier declaration of confirmity including human rights commitment			○
Communitcate our CoC and ESG supplier declaration to our stakeholders and public on web			○
ESG-introduction for our staff at Tinfos including our human rights commitment			○
Make a specific human rights assessment to identify human rights most material to Tinfos		○	
Establish processes for supply chain management including human rights assessments		○	
Benchmark good practice and knowledge to establish more specific improvement targets	○		

5 REFERENCES

- /1/ The Norwegian Consumer Authority (Nw.: Forbrukertilsynet)
- /2/ CEMAsys digital ESG Management System
- /3/ Tinfos Annual Report 2022
- /4/ Tinfos AS Materiality Assessment, 6.12.2021
- /5/ The ITUC Global Rights Index
- /6/ Tinfos Code of Conduct
- /7/ Tinfos ESG and Sustainability Policy
- /8/ [IFC Performance Standard 2 – Labor and Working Conditions](#)
- /9/ [IFC Performance Standards \(1-8\), Guidance Notes](#)
- /10/ Situasjonsbeskrivelse 2020, Nasjonalt tverretatlig analyse- og etterretningscenter (NTAES)
- /11/ Fri fagbevegelse
- /12/ International Hydropower Association
- /13/ US state department; 2021 Country Reports on Human Rights Practices
- /14/ OECD Guidelines for responsible business conduct
- /15/ Tinfos Sustainability report 2022